

Aliso Canyon Mitigation Program
Quarter 2 - 2023 Report
(April 2023 – June 2023)

California Air Resources Board (CARB) staff provides this quarterly public update on the Mitigation Fund in accordance with the Aliso Canyon Mitigation Agreement between SoCalGas, CARB, and the Attorney General.¹ This report covers information identified in Section 8.c. Reporting for the period beginning from the Mitigation Fund’s formation on April 1, 2023, through June 30, 2023 (Q2 2023).

i. The Funds Available in the Mitigation Fund.

| Account | Amount |
|--------------------------------------------|------------------------|
| Mitigation Account | \$697,138 ² |
| Mitigation Reserve Subaccount ³ | \$7,600,007 |
| Other Subaccounts ⁴ | \$3,850,321 |
| Total | \$12,147,466 |

1 For more information on the Aliso Canyon Natural Gas Leak and the Mitigation Agreement, please go to CARB’s website, available at <https://ww2.arb.ca.gov/our-work/programs/aliso-canyon-natural-gas-leak>

2 Farm Credit West wired Principal and Interest payments for April to June 2023 (three payments of \$294,784.33 into the Mitigation Account. The Principal and Interest Payments were transferred from the Mitigation Account into the Other Subaccounts account⁴.

3 This Subaccount contains the “Mitigation Reserve” as described by the Mitigation Agreement for use, as necessary, toward mitigation should the first set of projects not reduce emissions as expected.

4 These accounts include any principal and interest earned on the monies in the fund or any funding by SoCalGas to cover the administrative costs of the Fund.

ii. High-level Itemization of the Use of Funds by the Mitigation Fund

Please see section vi. below for this information.

iii. A Cumulative and Calendar Year Accounting of the Amount the Mitigation Fund has Paid out from the Mitigation Account and all Sub-Accounts to any Recipient

| Recipient | Cumulative Loan Amount Issued this Quarter (Q2 2023) | Cumulative Loan Amount Issued (2023) |
|----------------------------|------------------------------------------------------|--------------------------------------|
| 1) CalBio Kern LLC | \$0 | \$11,916,633 |
| 2) CalBio West Visalia LLC | \$0 | \$5,193,700 |
| 3) CalBio Hanford LLC | \$0 | \$8,692,531 |
| Totals | \$0 | \$25,802,864 |

| Withdraws from Receipts Subaccount ⁵ | Month Withdrew | Amount |
|-------------------------------------------------|----------------|------------------|
| 1) Q2 2023 Trust Fee | Jun-2023 | \$38,750 |
| 2) Sub-Administrator Fee | Jun-2023 | \$12,500 |
| 3) Audit Professional Fee | Jun-2023 | \$33,250 |
| 4) Financial Reporting Fee | Jun-2023 | \$31,922 |
| Total Withdraws | | \$116,422 |

⁵ The mitigation receipts subaccount is a non-interest bearing subaccount established to hold Mitigation Fund receipts received by the Mitigation Fund.

iv. The Payments of Principal, Interest, and Fees Received from Mitigation Projects to Date, Separated by Payment Type

| Payments received from Projects | Principal | Interest | Fees | Total |
|---------------------------------|------------------|------------------|------------|------------------|
| 1) CalBioGas Kern LLC | \$241,513 | \$166,911 | \$0 | \$408,424 |
| 2) CalBioGas West Visalia LLC | \$105,260 | \$72,746 | \$0 | \$178,006 |
| 3) CalBioGas Hanford LLC | \$176,171 | \$121,752 | \$0 | \$297,923 |
| Total Payments Received | \$522,944 | \$361,409 | \$0 | \$884,353 |

v. The Total Mitigation Fund Certified Reductions Quantified to Date

As of May 10, 2022, CARB approved a total of 113,327 metric tons of Mitigation Fund Certified Reductions to count towards SoCalGas’s Mitigation Obligation of mitigating at least 109,000 MT of methane. The approved reduction represents 104% of the total Certified Reductions required to satisfy SoCalGas’ Mitigation Obligation. On June 24, 2022, the California Attorney General Office, on behalf of CARB, filed the Mitigation Certification with the Los Angeles Superior Court providing notice that SoCalGas has satisfied its Mitigation Obligation under the Consent Decree dated February 25, 2019. The table below reflects the estimated emissions reductions submitted by SoCalGas and confirmed by CARB staff for all twelve dairies throughout the mitigating funds’ project life. No additional updates are expected to the estimated emissions reductions.

| Project Dairy | SoCalGas-Reported Annual CH ₄ Reductions (MT) | SoCalGas-Reported Annual CH ₄ Reductions (MTCO _{2e}) | CARB Staff-Confirmed Annual CH ₄ Reductions (MT) | CARB-Staff Confirmed 10-Year CH ₄ Reductions (MT) | % of 109,000 MT Reduction Target Reached |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------|
| Mitigation Projects with Approved Mitigation Fund Certified Reductions on July 30, 2021 | | | | | |
| Dairy 1 | 1,157 | 28,927 | 1,157 | 11,571 | 10.6 |
| Dairy 2 | 1,244 | 31,103 | 1,244 | 12,441 | 11.4 |
| Dairy 3 | 770 | 19,246 | 770 | 7,699 | 7.1 |

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| Project Dairy | SoCalGas-Reported Annual CH ₄ Reductions (MT) | SoCalGas-Reported Annual CH ₄ Reductions (MTCO _{2e}) | CARB Staff-Confirmed Annual CH ₄ Reductions (MT) | CARB-Staff Confirmed 10-Year CH ₄ Reductions (MT) | % of 109,000 MT Reduction Target Reached |
|----------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------|
| Dairy 5 | 1,417 | 35,432 | 1,417 | 14,173 | 13.0 |
| Dairy 6 | 655 | 16,382 | 655 | 6,553 | 6.0 |
| Dairy 7 | 593 | 14,834 | 593 | 5,934 | 5.4 |
| Dairy 8 | 850 | 21,259 | 850 | 8,503 | 7.8 |
| Sub-total for dairies above | 6,686 | 167,183 | 6,686 | 66,874 | 61.3 |
| Mitigation Projects - Approved Mitigation Fund Certified Reductions May 10, 2022 | | | | | |
| Project Dairy | SoCalGas-Reported Annual CH ₄ Reductions (MT) | SoCalGas-Reported Annual CH ₄ Reductions (MTCO _{2e}) | CARB Staff-Confirmed Annual CH ₄ Reductions (MT) | CARB-Staff Confirmed 10-Year CH ₄ Reductions (MT) | % of 109,000 MT Reduction Target Reached |
| Dairy 4 | 825 | 20,625 | 822 | 8,224 | 7.5 |
| Dairy 9 | 823 | 20,575 | 820 | 8,201 | 7.5 |
| Dairy 10 | 1,330 | 33,250 | 1,295 | 12,948 | 11.9 |
| Dairy 11 | 654 | 16,350 | 641 | 6,414 | 5.9 |
| Dairy 12 | 1,208 | 30,200 | 1,067 | 10,666 | 9.8 |
| Sub-total for dairies above | 4,840 | 121,000 | 4,645 | 46,453 | 42.6 |
| Total | 11,526 | 288,183 | 11,331 | 113,327 | 104% |

vi. Descriptions of Each Mitigation Project:

These projects are in the payment phase and are not borrowing any additional funds; therefore, the values in the tables below are not expected to change as of June 2022.

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Borrower: CalBioGas Kern LLC includes the Kern cluster dairy entities Dairy 1, Dairy 2, Dairy 3, Dairy 4, Dairy 5, and Dairy 9 | |
| Entity Description: CalBioGas Kern LLC is solely owned by CalBioGas LLC. CalBio LLC designs dairy-specific digesters to augment waste handling operations, save costs, and assist in the nutrient management process | |
| Project Construction Status: Dairy Projects 1, 2, 3, 4, 5, and 9 are complete. | |
| Report submission date: 8/15/2023 | Reporting for the period of: 6/30/2023 |

Kern

| Itemized Expenditures Paid for by Mitigation Fund | Dairy 1 | Dairy 2 | Dairy 3 | Dairy 4 | Dairy 5 | Dairy 9 | Total |
|---------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 1) Mitigation Fund Direct Borrowing (a+b+c) | \$1,830,120 | \$2,162,228 | \$1,873,482 | \$2,300,786 | \$2,219,772 | \$1,530,245 | \$11,916,633 |
| a) Digester Costs | \$814,861 | \$1,162,705 | \$871,630 | \$967,788 | \$1,228,921 | \$988,032 | \$6,033,938 |
| b) BioGas Treatment | \$482,216 | \$473,428 | \$469,870 | \$625,950 | \$465,285 | \$0 | \$2,516,749 |
| c) Common Facilities(Upgrader , Collection Lines) | \$533,043 | \$526,095 | \$531,982 | \$707,047 | \$525,566 | \$542,213 | \$3,365,946 |
| 2) Interest During Construction | \$65,865 | \$78,449 | \$67,516 | \$73,047 | \$78,786 | \$43,847 | \$407,510 |

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| Itemized Expenditures Paid for by Mitigation Fund | Dairy 1 | Dairy 2 | Dairy 3 | Dairy 4 | Dairy 5 | Dairy 9 | Total |
|-------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| (Paid in kind/capitalized) ⁶ | | | | | | | |
| Total Expenditures Paid for by Mitigation Fund | \$1,895,985 | \$2,240,677 | \$1,940,998 | \$2,373,833 | \$2,298,558 | \$1,574,092 | \$12,324,143 |

| Fund received from Public Programs | Dairy 1 | Dairy 2 | Dairy 3 | Dairy 4 | Dairy 5 | Dairy 9 | Total |
|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| 1) CDFA Grants | \$2,600,000 | \$3,000,000 | \$2,250,000 | \$1,749,596 | \$2,820,762 | \$1,918,099 | \$14,338,457 |
| 2) CEC Awards | \$380,846 | \$380,846 | \$380,846 | \$380,846 | \$380,846 | \$380,846 | \$2,285,076 |
| 3) Utility: Gas Rule 39 | \$625,000 | \$625,000 | \$625,000 | \$625,000 | \$625,000 | \$625,000 | \$3,750,000 |
| 4) NRCS ⁷ | \$0 | \$0 | \$0 | \$254,488 | \$450,000 | \$450,000 | \$1,154,488 |
| Total Funds from Public Programs received | \$3,605,846 | \$4,005,846 | \$3,255,846 | \$3,009,930 | \$4,276,608 | \$3,373,945 | \$21,528,021 |

6 Paid in kind interest is a feature of some debt instruments, refers to the interest expense that is not paid in cash but is accrued (or rolled up) onto the balance of the loan.

7 Natural Resources Conservation Service

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Borrower: CalBioGas West Visalia LLC includes West Visalia cluster dairy entities Dairy 6, Dairy 7, and Dairy 8 | |
| Entity Description: CalBioGas West Visalia LLC is solely owned by CalBioGas LLC. CalBio LLC designs dairy-specific digesters to augment waste handling operations, save costs, and assist in the nutrient management process | |
| Project Construction Status: The Dairy projects and the conditioning plant are completed. | |
| Report submission date: 8/15/2023 | Reporting for the period of: 6/30/2023 |

West Visalia

| Itemized Expenditures Paid for by Mitigation Fund | Dairy 6 | Dairy 7 | Dairy 8 | Total |
|-------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| 1) Mitigation Fund Direct Borrowing (a+b+c) | \$1,794,976 | \$1,600,331 | \$1,798,392 | \$5,193,699 |
| a) Digester Costs | \$714,925 | \$531,920 | \$732,805 | \$1,979,650 |
| b) BioGas Treatment | \$470,929 | \$446,086 | \$457,723 | \$1,374,738 |
| c) Common Facilities (Upgrader, Collection Lines, Interconnect) | \$609,122 | \$622,325 | \$607,864 | \$1,839,311 |
| 2) Interest During Construction (Paid in kind/capitalized) ⁵ | \$48,447 | \$42,270 | \$48,556 | \$139,273 |
| Total Expenditures Paid for by Mitigation Fund | \$1,843,423 | \$1,642,601 | \$1,846,948 | \$5,332,973 |

| Fund received from Public Programs | Dairy 6 | Dairy 7 | Dairy 8 | Amount |
|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| 1) CDFA Grants | \$1,600,000 | \$1,500,000 | \$2,000,000 | \$5,100,000 |
| 2) Utility: Gas Rule 39 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$3,750,000 |
| 3) NRCS ⁸ | \$333,456 | \$286,763 | \$450,000 | \$1,070,219 |
| Total Funds from Public Programs received | \$3,183,456 | \$3,036,763 | \$3,700,000 | \$9,920,219 |

8 Natural Resources Conservation Service

| Fund received from Public Programs | Dairy 6 | Dairy 7 | Dairy 8 | Amount |
|------------------------------------|---------|---------|---------|--------|
| | | | | |

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Borrower: CalBioGas Hanford LLC includes West Visalia cluster dairy entities Dairy 10, Dairy 11, and Dairy 12 | |
| Entity Description: CalBioGas Hanford LLC is solely owned by CalBioGas LLC. CalBio LLC designs dairy-specific digesters to augment waste handling operations, save costs, and assist in the nutrient management process | |
| Project Construction Status: Substantial portions of Dairies 10, 11, and 12 are complete. | |
| Report submission date: 8/15/2023 | Reporting for the period of: 6/30/2023 |

Hanford

| Itemized Expenditures Paid for by Mitigation Fund | Dairy 10 | Dairy 11 | Dairy 12 | Total |
|-------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| 1) Mitigation Fund Direct Borrowing (a+b+c) | \$2,877,137 | \$2,801,847 | \$3,013,547 | \$8,692,531 |
| a) Digester Costs | \$1,205,578 | \$967,836 | \$1,393,416 | \$3,566,830 |
| b) BioGas Treatment | \$405,259 | \$411,867 | \$386,588 | \$1,203,714 |
| c) Common Facilities (Upgrader, Collection Lines, Interconnect) | \$1,266,300 | \$1,422,144 | \$1,233,543 | \$3,921,987 |
| 2) Interest During Construction (Paid in kind/capitalized) ⁵ | \$49,452 | \$49,717 | \$51,185 | \$150,354 |
| Total Expenditures Paid for by Mitigation Fund | \$2,926,589 | \$2,851,564 | \$3,064,732 | \$8,842,885 |

| Fund received from Public Programs | Dairy 10 | Dairy 11 | Dairy 12 | Amount |
|------------------------------------|-------------|-------------|-------------|-------------|
| 1) CDFR Grants | \$3,000,000 | \$1,500,000 | \$3,000,000 | \$7,500,000 |
| 2) Utility: Gas Rule 39 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$3,000,000 |
| 3) NRCS ⁹ | \$450,000 | \$372,519 | \$447,020 | \$1,269,539 |

⁹ Natural Resources Conservation Service

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| Fund received from Public Programs | Dairy 10 | Dairy 11 | Dairy 12 | Amount |
|--------------------------------------------------|--------------------|--------------------|--------------------|---------------------|
| | | | | |
| Total Funds from Public Programs received | \$4,450,000 | \$2,872,519 | \$4,447,020 | \$11,769,539 |